

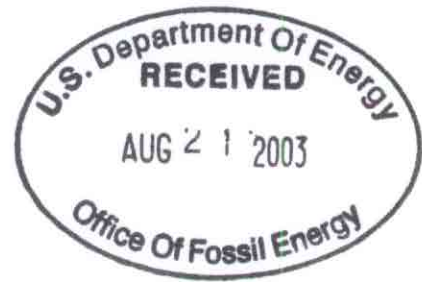
PP-66-1

HAYNES AND BOONE, LLP

August 21, 2003

(BY HAND DELIVERY)

The Department of Energy
Office of Fossil Energy – Room FE-27
1000 Independence Avenue, S.W.,
Washington, DC 20585



Re: Presidential Permit PP-66

To Whom It May Concern:

On behalf of Citizens Communications Company and Vermont Electric Power Company, Inc., please find enclosed for filing an original and two copies of *Joint Application of Citizens Communications Company and Vermont Electric Power Company, Inc. to Rescind Presidential Permit PP-66 and Simultaneously Issue a Presidential Permit to Vermont Electric Power Company, Inc.* and a check payable to the Treasurer of the United States in the amount of \$150.00 to cover the filing fee.

Please also find enclosed two additional copies of this filing for you to date stamp and return to me in the enclosed, self-addressed, postage pre-paid envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ken G. Hurwitz".

Kenneth G. Hurwitz
Aaron J. Bullwinkel*

Counsel for Citizens Communications Company

Enclosures

cc: Honorable Magalie Roman Salas, Federal Energy Regulatory Commission
Honorable Michael Dworkin, Vermont Public Service Board
Honorable David O'Brien, Vermont Department of Public Service
John H. Marshall, Esquire

WDC 9558-1.DOC

* Admitted only in Massachusetts. Not admitted in the District of Columbia.

Attorneys

555 11th Street, N.W. Suite 650 Washington, D.C. 20004-1314
Telephone [202] 654.4500 Fax [202] 654.4501 <http://www.haynesboone.com>

AUSTIN DALLAS FORT WORTH HOUSTON RICHARDSON SAN ANTONIO WASHINGTON, D.C. MEXICO CITY

Citizens operates as an electric utility in Vermont through its vertically-integrated, unincorporated operating division, Vermont Electric Division of Citizens ("VED"). Specifically, VED operates Citizens' generation, transmission, and distribution facilities and provides retail and wholesale-transmission services in five counties in northern Vermont. In addition, Citizens owns a non-controlling interest in VELCO, approximately 3.56 percent of the outstanding shares of VELCO's common stock.

Citizens is subject to regulation in Vermont by the Vermont Public Service Board with respect to retail electric rates and other matters. Citizens is a "public utility," as defined under Section 201(e) of the FPA, 16 U.S.C. §824(e) (2000), and, therefore, is subject to the jurisdiction of the Federal Energy Regulatory Commission.

At present, Citizens owns and operates the Interconnection Facility. Citizens is not a party to a partnership agreement with any entity with relation to the Interconnection Facility.

B. Vermont Electric Power Company, Inc.

The exact legal name of VELCO is "Vermont Electric Power Company, Inc." VELCO is a Vermont corporation and has its principal offices at 366 Pinnacle Ridge Road, Rutland, VT 05701. VELCO owns and operates most of the bulk-transmission facilities in Vermont, other than those currently owned by Citizens. The VELCO facilities operate at a voltage of 115-kV or greater.

VELCO's transmission system consists of approximately 80 circuit-miles of 345-kV transmission lines, 30 circuit-miles of 230-kV transmission lines, 370 circuit-miles of 115-kV transmission lines and, through its wholly-owned subsidiary, Vermont Electric Transmission Company, Inc. ("VETCO"), 52 miles of ±450-kV transmission lines. Its facilities include 2.6 miles of underground or underwater conduit. VELCO also owns 25 substations that have a total

installed transformer capacity of 2549-MVA. VELCO also owns four miles of high-voltage transmission line in New Hampshire.

Several electric utilities operating in Vermont organized VELCO in 1956 to construct a 115-kV transmission system to interconnect these and other electric utilities in Vermont with each other and to access low-cost power available from the then Power Authority of the State of New York.² Since its organization, VELCO has built, maintained and operated most of the bulk-transmission facilities in Vermont and has served as the representative of Vermont's electric utilities in the New England Power Pool ("NEPOOL").

Although VELCO has purchased wholesale power for resale to other utilities, VELCO's principal activity is the ownership, maintenance and operation of a bulk-transmission system that serves Vermont's electric utilities. As a transmission provider, VELCO is subject to the jurisdiction of the Federal Energy Regulatory Commission and the Vermont Public Service Board.

VELCO currently acts as the agent of certain electric utilities operating in Vermont that jointly own the Highgate Interconnection, located in Highgate, Vermont, for which the Department has issued PP-82. VELCO's subsidiary, VETCO, holds PP-76 for the interconnection between NEPOOL and Hydro-Québec located in Norton, Vermont.

² Central Vermont Public Service Corporation, a Vermont corporation, Green Mountain Power Corporation, also a Vermont corporation, and Citizens own most of VELCO's outstanding common stock. Numerous smaller Vermont utilities own the remainder of its outstanding common stock. VELCO is not a partnership and therefore does not have any partners.

II. FOREIGN OWNERSHIP AND AFFILIATIONS

A. Citizens Communications Company

Neither Citizens nor any of its Vermont transmission lines is owned in whole or in part by a foreign government or directly or indirectly assisted by a foreign government or instrumentality thereof. At the present time, Citizens does not have any agreement pertaining to such ownership or assistance from any foreign government or instrumentality thereof.

Citizens is a party to a contract with Hydro-Québec pursuant to which Citizens purchases and sells electric power and energy from and to Hydro-Québec. Hydro-Québec is a body politic and corporate, duly incorporated under the Hydro-Québec Act (R.S.Q., Chapter H-5), and is wholly-owned by the Government of Québec.

B. Vermont Electric Power Company, Inc.

Neither VELCO nor any of its transmission lines is owned in whole or in part by a foreign government or directly or indirectly assisted by a foreign government or instrumentality thereof. At the present time, VELCO does not have any agreement pertaining to such ownership or assistance from any foreign government or instrumentality thereof.

VELCO has not entered into any existing contracts with any foreign government, or any foreign private concern, relating to any purchase, sale or delivery of electric energy, although it may in the future enter into an operational agreement with the TransEnergie Division of Hydro-Québec with respect to the operation of its or VETCO's various interconnections with Hydro-Québec.

III. COMMUNICATIONS

All correspondence concerning this Application should be directed to the following persons:

Citizens Communications Company

L. Russell Mitten, Esq.
Vice President, General Counsel
Citizens Communications Company
3 High Ridge Park
Stamford, CT 06905
(203) 614-5047
rmitten@cczn.com

Vermont Electric Power Company, Inc.

Mr. Gary Parker
V.P., Director of Planning, Engineering,
Construction and Transmission Field Services
Vermont Electric Power Company, Inc.
366 Pinnacle Ridge Road
Rutland, VT 05701
(802) 770-6269
gparker@velco.com

A copy of all such correspondence and other communication should be sent to:

Kenneth G. Hurwitz, Esq.
Aaron J. Bullwinkel, Esq.³
Haynes and Boone, LLP
550 11th Street, N.W.
Suite 650
Washington, DC 20004-1314

John H. Marshall, Esq.
Downs Rachlin Martin PLLC
90 Prospect Street
P.O. Box 99
St. Johnsbury, VT 05819-0099

IV. BACKGROUND AND STATEMENT OF REASONS FOR THE TRANSFER OF THE EXISTING CROSS BORDER TRANSMISSION FACILITY

As mentioned above, Citizens and VELCO have entered into a purchase and sale agreement, dated March 18, 2003, pursuant to which Citizens proposes to transfer to VELCO its right, title and interest in the following Vermont transmission facilities (the "Transmission Facilities"):

1. Approximately 3 miles of a single circuit 120-kV transmission line between the international border at Derby Line and Derby, Vermont.
2. Approximately 29.4 miles of a double circuit transmission line constructed at 120-

³ Admitted only in Massachusetts. Not admitted in the District of Columbia.

kV between Derby and Richford, Vermont. Currently, one circuit is operated at 120-kV, the other at 46-kV.

3. Approximately 6.47 miles of a single circuit 46-kV line located between the Mosher's Tap switching structure in Newport and Irasburg, Vermont.
4. Approximately 23 miles of a single circuit 120-kV line located between the termination of the double circuit 120/46-kV line at Citizens' Richford Substation and Citizens' Highgate Substation.
5. All assets located at Citizens' Border Substation, located at the international border in Derby Line, Vermont.
6. All of the 120-kV and some of the 46-kV assets located at Citizens' Newport Transmission Substation located in Newport, Vermont.
7. All assets located at Citizens' Highgate Substation located in Highgate, Vermont.
8. Certain spare equipment.

Upon the consummation of the transaction, VELCO will acquire an undivided ownership interest in the Transmission Facilities, including the Interconnection Facility. Pursuant to 10 C.F.R. § 205.323(b), in connection with a voluntary transfer of the Interconnection Facility, Joint Applicants must jointly file an application with the Department, together with a statement of reasons for the transfer. As explained above, Citizens and VELCO have entered into an agreement for the sale of the Transmission Facilities, including the Interconnection Facility, to VELCO. Accordingly, to allow for such a transfer Citizens and VELCO hereby request the rescission of Presidential Permit PP-66 issued to Citizens and the simultaneous issuance of a Presidential Permit to VELCO for the Interconnection Facility, to become effective upon the financial closing of the transfer of the Transmission Facilities to VELCO.

V. DESCRIPTION OF THE INTERCONNECTION FACILITY

On March 8, 1979, Citizens submitted an application to the Department requesting authorization to construct, connect, operate and maintain electric transmission facilities crossing

the international boundary between the United States and Canada. The Department issued Presidential Permit PP-66 for the international interconnection on June 21, 1979.

Presidential Permit PP-66 covers the electrical systems of Citizens that are interconnected at one point on the international boundary between the State of Vermont and Québec, Canada near Derby Line, Vermont. Specifically, the Interconnection Facility consists of:

A three-phase, 60 Hz, 120-kV overhead transmission line, approximately 565 feet in length, crossing the international boundary and connecting with a similar transmission line owned by Hydro-Québec in Québec, Canada. The line has a total capacity of 180-MVA.

VELCO does not propose to make any physical changes to the existing facilities, or any change to their operation, including overhead conductors, shield wires, supporting structures, or rights of way currently covered by Presidential Permit PP-66. VELCO will seek the authorization of the Department prior to making any substantial change in these facilities or the operation thereof.

VI. ENVIRONMENTAL IMPACT INFORMATION

The application for rescission and issuance of Presidential Permit PP-66 will have no physical effect on the Interconnection Facility and will not result in any change in the operation of the Interconnection Facility. Accordingly, Joint Applicants anticipate no environmental impacts as a result of the requested actions.

VII. SERVICE AND FEE

In accordance with the requirements of 10 C.F.R. § 205.326, copies of this application will be provided to the following:

Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC. 20426

Honorable Michael Dworkin
Chairman
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, VT 05620-2701

Honorable David O'Brien
Commissioner
Vermont Department of Public Service
112 State Street, Drawer 20
Montpelier, VT 05620-2601

A check in the amount of \$150.00 made payable to the Treasurer of the United States is enclosed in payment of the fee specified in 10 C.F.R. § 205.326.

VIII. VERIFICATION

Verifications executed by the officers of Citizens and VELCO having knowledge of the matters set forth above in accordance with 10 C.F.R. § 205.322(e) are attached hereto as Exhibit A.

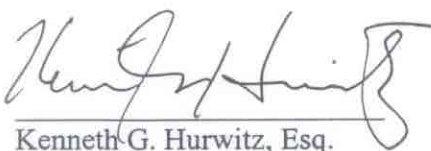
IX. OPINION OF COUNSEL

A signed opinion of counsel, stating that ownership, operation, and maintenance of the existing Interconnection Facility will be within the corporate powers of VELCO, and signed opinions that VELCO and Citizens have complied with or will comply with all pertinent federal and state laws are attached hereto as Exhibit B.

X. CONCLUSION

WHEREFORE, Citizens and VELCO respectfully request that this application for the rescission and simultaneous issuance of a Presidential Permit for the Interconnection Facility be considered and approved, to become effective upon the financial closing of the transfer of ownership of the Transmission Facilities from Citizens to VELCO.

Respectfully Submitted,



Kenneth G. Hurwitz, Esq.
Aaron J. Bullwinkel, Esq.⁴
Haynes and Boone, LLP
550 11th Street, N.W.
Suite 650
Washington, DC 20004-1314

*Attorneys for
Citizens Communications Company*



John H. Marshall, Esq.
Matthew K. Phillippo, Esq.
Downs Rachlin Martin PLLC
90 Prospect Street
PO Box 99
St. Johnsbury, VT 05819-0099

*Attorneys for
Vermont Electric Power Company, Inc.*

Dated: August 21, 2003

⁴ See note 3, *supra*.

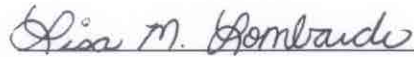
VERIFICATION

I, L. Russell Mitten, Vice President, General Counsel and Corporate Secretary of Citizens Communications Company, having knowledge of the matters set forth in the above Joint Application of Citizens Communications Company and Vermont Electric Power Company, Inc., to Rescind Presidential Permit PP-66 and Simultaneously Issue a Presidential Permit to Vermont Electric Power Company, Inc., hereby verify that the contents thereof are true and correct to the best of my knowledge and belief.



L. Russell Mitten

SUBSCRIBED AND SWORN before me, a notary public this 19th day of August, 2003.



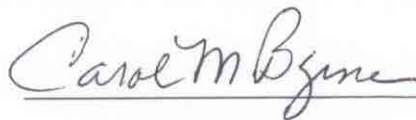
My Commission Expires: 10/31/06

VERIFICATION

I, Gary A. Parker, Vice President, Director of Planning, Engineering, Construction and Transmission Field Services of Vermont Electric Power Company, Inc., having knowledge of the matters set forth in the above Joint Application of Citizens Communications Company and Vermont Electric Power Company, Inc., to Rescind Presidential Permit PP-66 and Simultaneously Issue a Presidential Permit to Vermont Electric Power Company, Inc., hereby verify that the contents thereof are true and correct to the best of my knowledge and belief.


Gary A. Parker

SUBSCRIBED AND SWORN before me, a notary public this 9th day of August, 2003.



My Commission Expires: 2-10-07

Three High Ridge Park
Stamford, CT 06905



August 18, 2003

U.S. Department of Energy
Office of Fossil Energy
1000 Independence Ave., SW
Washington, D.C. 20585

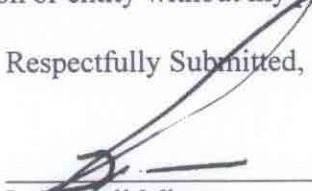
Dear Ladies & Gentlemen:

This opinion is rendered in connection with the joint application ("Application") of Citizens Communication Company ("Citizens") and Vermont Electric Power Company, Inc. ("VELCO") to rescind a Presidential Permit authorizing Citizens to construct, operate and maintain an electric power transmission facility crossing the international border between the United States and Canada, and simultaneously issue such permit to VELCO to own, operate and maintain the completed electric power transmission facility, pursuant to Executive Order ("EO") No. 10485, as amended by EO No. 12038, and 10 C.F.R. § 205.320 *et seq.* (2002).

Based on my understanding of Citizens' and VELCO's proposal and my examination of such documents, records and matters of laws as I have considered to be relevant in the premises, it is my opinion that, based on information provided by representatives of Citizens, Citizens has complied with all pertinent Federal and State laws.

I am opining herein only as to federal laws of the United States, the internal laws of the State of Vermont and the general corporate laws of the State of Delaware, and I express no opinion as the laws of any other jurisdiction or as to any matters of municipal law or the laws, rules or regulations of any local agency in any state. I am not assuming any obligation to review or update this opinion should the law or existing facts or circumstances change. This opinion is provided by me as counsel for Citizens solely to you for your exclusive use and is not to be made available to or relied upon by any other person or entity without my prior written consent.

Respectfully Submitted,



L. Russell Mitten
Vice President and General Counsel
for Citizens Communication Company



VERMONT ELECTRIC POWER COMPANY, INC.

(802) 773-9161 Phone
(802) 770-6440 Fax
366 Pinnacle Ridge Road
Rutland, Vermont 05701

August 7, 2003

U.S. Department of Energy
Office of Fossil Energy
1000 Independence Ave., SW
Washington, D.C. 20585

Dear Ladies & Gentlemen:

This opinion is rendered in connection with the joint application ("Application") of Citizens Communication Company ("Citizens") and Vermont Electric Power Company, Inc. ("VELCO"), to rescind a Presidential Permit (PP-66) authorizing Citizens to construct, connect, operate and maintain an electric power transmission facility crossing the international border between the United States and Canada, and simultaneously to issue a permit to VELCO to own, connect, operate and maintain the electric power transmission facility (the "Interconnection Facility"), pursuant to Executive Order ("EO") No. 10485, as amended by EO No. 12038, and 10 C.F.R. ' 205.320 *et seq.* (2002).

It is my opinion that the acquisition and ownership of the Interconnection Facility is within the corporate powers of VELCO. Further, it is my opinion that VELCO has complied with, or will comply with, all pertinent federal and state laws with respect to the acquisition and ownership of the Interconnection Facility.

I am opining herein only as to federal laws of the United States and the laws of the State of Vermont. I express no opinion as the laws of any other jurisdiction or as to any matters of municipal law or the laws, rules or regulations of any local agency in any state. I am not assuming any obligation to review or update this opinion should the law or existing facts or circumstances change. This opinion is provided by me as counsel for VELCO solely to you for your exclusive use and is not to be made available to or relied upon by any other person or entity without my prior written consent.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Thomas N. Wies".

Thomas N. Wies
Vice President and General Counsel
for Vermont Electric Power Company, Inc.